

AIRPORT FACILITIES IMPROVEMENTS

AIRPORTS CAPITAL PLAN

The CIP appropriations are projected to reach \$740 million for the CIP FY2005-2009. Security issues and the expansion of the East Concourse terminal expansion at Hobby (HOU) dominate the five-year CIP. Design and construction of the in-line baggage security system represents over 30 percent of the five-year CIP appropriations, terminal renovations at IAH represent approximately 10 percent while the East Concourse terminal expansion at HOU represents 15 percent.

Master plans for HOU and Ellington Field (EFD) were completed in FY 2004. Two projects stemming from the HOU Master Plans Phase I will commence design in FY 2007. Construction is scheduled for FY 2008 for the lengthening of Runway 17-35 and the reconfiguration of the northwest corner of the airfield. The comprehensive Master Plan for Bush Intercontinental Airport (IAH) will be essentially complete by December 2004, with implementation of projects stemming from that plan appearing in the FY2006-2010 CIP.

The FY2005-2009 CIP will complete the expanded Houston Airport System CIP that began in FY 1997 and totaled about \$3.0 billion. The expanded CIP was prompted by (1) Continental Airline's 1996 decision to begin a major expansion of hub operations at IAH, (2) the decision by HAS in 1997, supported by Southwest Airlines, to expand and modernize terminal facilities at HOU, (3) Continental Airline's 1998 request to undertake a series of airfield and apron improvement projects at IAH that will increase capacity and improve the efficiency of the runway/taxiway /apron system (referred to as the "Airside Improvement Program"), and (4) increased international traffic creating the need for the international services expansion program (ISEP) to build a new FIS building, international terminal, and associated infrastructure.

STATUS OF THE EXPANDED CIP PROJECTS

Phase 1 projects are now complete with the exception of six gates in the new Central Concourse at HOU scheduled for completion later this year. Ten gates are currently in operation in the Central Concourse.

Phase II projects at IAH are complete including a significant portion of the airside improvements and other airfield projects. The consolidated rental car facility opened in August 2003. Construction work on the Terminal C renovations is progressing.

Phase III projects include the completed construction of the IAH Runway 8L/26R in October 2003. Construction of the FIS part of the ISEP is underway and will be ready in 2005. It will connect to Terminal E, Continental Airline's new terminal, when completed.

At HOU, Phase III projects include design and construction of the East Concourse and the renovation of the existing terminal building. Southwest Airline's request for four additional gates in the Central Concourse was programmed into the five-year CIP. The four gates will be constructed in conjunction with the East Concourse scheduled for completion by FY 2009.

FUNDING FOR THE AIRPORT FACILITIES CIP

The FY2005-2009 Airport Facilities CIP is being funded from various sources including the Airport Improvement Fund (AIF, Fund #561), Airports Renewal and Replacement Fund (R&R, Fund #553), Grants-in-Aid from the FAA Airports Improvement Program (AIP) including a Letter of Intent (LOI) for an additional \$100 million in discretionary funds over a 10-year period, General Airport System Revenue Bonds (GARBS), and \$300 million of Commercial Paper (CP) used for interim financing for appropriation purposes. Passenger Facility Charges are being explored as a funding source for the large projects being requested by the airlines.